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Ministry of Consumer and Commercial Relations
Government Publications

THE TRICKS OF THE MARKETPLACE



Ontario

Ministry of
Consumer and
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Relations

Encyclopedia Sales

Last week, my wife and I bought an encyclopedia set for our children from a door-to-door salesman. The salesman offered my wife and me \$100 off our purchase if our friends, whose names we supplied, decided to buy the same set of books. After thinking things over, we want to cancel the deal and get our deposit back. Can we do this?

The encyclopedia sale, if finding new customers was part of the deal, is not binding because referral selling is banned by the Consumer Protection Act.

Unsolicited Goods

Last month I received three hardcover books by mail. I didn't request these books so I set them aside. Now, the company is billing me \$35. I seem to have misplaced them and suspect they have been thrown out by mistake. Do I have to pay these people?

The consumer who receives unsolicited books by mail is under no obligation to pay for them and can forget the company's letter.

These are just two of the deceptive sales practices that cost consumers thousands of dollars annually.

This pamphlet is intended as a companion to "The Wise Consumer" brochure and lists the common gimmicks used by unethical businessmen.

Consumer Pitfalls

Home Repairs

When considering home repairs, always contact at least two or three reputable companies for job estimates. This way you can be sure you're getting a true picture of the work required at the best price possible.

Before signing any contract, be sure it includes all verbal promises. Also check to see that everything you want is written into it. Remember, reputable businessmen never require more than a five percent down payment. Be wary of those salesmen who do. They could be using your money to pay the bills on their last job.

Roofing, Chimneys and Foundations

A roving, unidentified repairman may inspect the roof of your home, climb down and present you with a handful of shingles, declaring that your roof will leak if not repaired immediately.

He has probably ripped the shingles off and if you let him repair the roof you'll end up paying an exorbitant price for shoddy, unnecessary work.

A similar trick is used by some chimney and foundation repairmen who will show you a handful of mortar, claiming that "mortar mice" have been eating away at your house. Of course, there is no such animal and the mortar chips probably came from the repairman's last job.

Again, get opinions and estimates from two or three reputable repairmen.

Television Repairs

There are no bargains when it comes to television repairs. Always deal with an established TV repair shop. In trying to save a dollar, you could pay \$50 too much to have your set repaired. Be suspicious of someone using an answering

service or an advertisement listing the telephone number only. Many of these moonlighting repairmen know nothing about repairs. A man will arrive at your door, pronounce your set a "bench case" and take it away for repairs. Instead of fixing it himself, he will take it to an honest dealer who will replace a faulty tube for \$14. When this so-called repairman returns the set to you, your bill may be \$75. Deal with the manufacturer's authorized repairmen who offer to guarantee their work and use new factory-inspected parts. Check with friends to find a good, honest TV repairman.

Carpets

Don't fall for those full page advertisements that offer unbelievable savings on carpeting, for example — 3 rooms for \$150. The company may trumpet its bulk buying policy as the reason, but every retailer buys in bulk. The sizes of the rooms are not always mentioned.

Some carpet companies will advertise a "special" on industrial carpeting left over from a hotel or office contract. You immediately think of thousands of feet a day treading over this durable carpeting. Don't believe it. This carpeting is often specially manufactured for sales and is of poorer quality than the real industrial brands.

Shop around and know your prices before buying. Buy for use — living areas and stairways need a better quality carpeting than a bedroom. To avoid disappointment, always buy name brand merchandise from a reputable dealer. Also, know the exact amount of carpeting you need. People are often oversold. Unethical dealers will overmeasure and sell you more yardage than you need.

Driveway Pavers

The Consumer Protection Bureau receives many home driveway paving complaints. Fly-by-night companies usually appear in the spring, offering to asphalt driveways for a ridiculously low cost. Many homeowners sign for the job only to find later that the driveway cracks and weeds sprout through it. When this occurs nothing can be done because the paving company usually has gone out of business.

There are basically three types of driveway paving jobs:

1. An adequate first paving requires a six-inch excavation which is then filled with crushed and compacted limestone to a depth of four inches. To this, two inches of compacted asphalt is added.
2. For a severely cracked older driveway, a good job requires that the old asphalt be completely removed before backfilling with four inches of compacted crushed limestone. After this, two inches of compacted asphalt is added.
3. For a re-capping job, where minor cracks have appeared, a layer of asphalt over the original driveway is sufficient.

Always get two or three estimates before committing yourself to a written contract. Ask the contractor for the names of three people in your area with whom he has done business. Ask these people if they are satisfied. If possible, look at their driveways. Check with The Consumer Protection Bureau to see if the paver is registered.

Landscaping

Homeowners in new subdivisions are "sitting ducks" for landscape tricksters who arrive with trucks full of black loam, shrubs and trees to sell to the unwary.

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What the homeowner doesn't suspect is that these bushes are either dead or close to it. They were probably ripped out of the ground without their roots. Often these bushes won't last more than a week and by that time, the seller has vanished.

Landscaping isn't cheap. Nurserymen grow their plants and trees over a number of years, carefully root pruning them. Usually the reputable nursery will guarantee an expensive bush or tree for one year.

Lawn Top Dressing

Claiming that humus is good for grass, an unethical door-to-door seller offers it at \$2.40 per bushel. He doesn't know how much is required to cover a lawn, but, he drops several bushels and presents a huge bill. Be wary. The "humus" may be a mixture of sawdust and oil.

Similarly, another salesman "just happens" to be in the neighborhood and offers a package deal for spraying your lawn with fertilizer and weed killer. The mixture may be water.

Prefab Cottages

Many prefabricated cottage firms insist on you paying the full amount before delivery. Don't do this because you may have to rely on a local contractor to erect the cottage. If there is anything wrong with the materials, or some are missing, and you have paid the full amount, your bargaining position has been lost.

Fitness Centres

Be careful of signing up for memberships in health spas. All such spas have long-term contracts and usually require fees up to \$150 or more. Don't let your early enthusiasm get the best of you. You may sign up for "low introductory prices" only to find that in a month or

two you have lost your interest in the health program.

Sometimes your contract can be sold to another spa if the owner gets into financial difficulties. Make sure your contract specifies the health spa at which you will have your membership. Otherwise, you may find yourself travelling up to 50 miles to another centre. If you don't, you will have lost your investment.

Avoid paying advance membership fees in a so-called health spa that has yet to open. Wait until it is a reality before joining.

Social Clubs

Some dance studios prey on the lonely and disguise their businesses as social clubs. Prospective members are lured to social get-togethers planned by the company and then talked into an expensive and binding contract.

Be wary of dating clubs too. They often require an advance of \$500 and then fold before they have provided you with any acceptable "dates". Some of your "dates" could be located hundreds of miles away.

Bulk Meat Sellers

Don't fall for advertisements offering beef for 68 cents a pound. With meat prices rising, these dealers abound, using the old bait-and-switch method of selling. The dealer has no intention of selling you 68-cent beef. He will immediately point out it is 40 percent fat and then will try to sell you other beef at inflated prices.

Before signing any contract with these sellers it is important to find out if all charges are included in the "bargain" price. Usually the price goes up when cutting, wrapping and other service charges are added.

Be present when the meat is cut or you may end up with front and hind quarters

from two different animals. Be sure you will utilize all the cuts, some of which you might not purchase at the meat counter.

Magazine Sales

Be suspicious of that sweet-sounding voice on the telephone telling you excitedly that you have been selected to receive a gift and six magazines for a small handling charge of 59 cents per week. If you indicate interest, a salesman will appear at your door and, before you know it, have you signed up for a \$150 magazine subscription contract. That 59-cent handling charge is never mentioned. You can avoid trouble by saying NO and hanging up.

Another popular way of selling magazine subscriptions is for the company to hire students supposedly to carry out surveys. The "survey" you sign may be a contract. Be careful.

Other magazine sellers will take your subscription order with half the amount down, but, your order will not be put into effect until you have sent in full settlement. This could mean a delay of six months before you receive your first copy.

Mail Order Sales

It is never wise to pay in advance for anything, especially from an unknown company. Once a mail order company has your money, you are in a waiting position. Always order C.O.D. (cash on delivery). Then, if the order is delayed or lost, you have protected your money. Watch out for clubs that offer six "free" records if you purchase a specified number during the year at the "regular" price. You may find that there is no saving at all.

Employment Opportunities

Some so-called job opportunities require you to pay for a "training" course

before you demonstrate and sell the company's product on a commission basis. If it is a genuine job, you won't have to pay to be "trained".

Companies may advertise home employment schemes in which you must buy a knitting machine or some other equipment with the promise that the company will purchase the finished articles if they meet certain standards. One such scheme involves home weaving looms. You are told you can make hundreds of dollars a month in your spare time by purchasing a machine. Your products, no matter how good, may never meet the company standard. Of course, all the company was interested in was selling the loom in the first place.

Certain employment schemes advertise unskilled but suspiciously well-paid, out-of-town jobs. To get a list of these job opportunities you must send money. Frequently, you will receive an outdated collection of want ads and tourist information.

Correspondence Courses

If you are interested in a trade such as detective work or truck driving, be wary of correspondence courses, particularly those sent from foreign countries or advertised on TV stations, claiming to teach trades or skills. The courses can be costly and although you may graduate with a "certificate", this may not qualify you for your chosen career or prove to a potential employer that you have mastered the skill. You should investigate the requirements for trade recognition with qualified professional bodies and associations. Inquire about night school and community college courses in your area. Understand the obligations of the contract before you sign and give a deposit. Take your time about choosing a school.

Publishing

Unknown writers, poets and musicians want to have their works published but they sometimes have difficulty.

If they really do have talent, legitimate publishing companies will give their material serious review. If it is worth publishing, it will be published and the writer, poet or musician paid. Publishing houses are always looking for good, new material.

Unfortunately, there are companies around that take advantage of the discouraged artist's pride. These businesses will publish anything if the author pays them, but, the book may never get on the bookstands.

Photography

Wedding and baby photographs make beautiful sentimental souvenirs, but, they are also a great way for consumers to part with their money. Often the photographs are not satisfactory because they are either too light, too dark, or out of focus. The prints cost more than expected. Sometimes, the photographer takes the pictures in your home, gets your money and that is the last you will ever hear from him.

Before signing any kind of contract, ask to see a photographer's portfolio of past work. Also, check with other people with whom he has done business. Deal with a photographer you know.

Read the contract carefully. Know exactly how many prints and what size pictures you will get. Some contracts allow for one print only, with the others provided at an inflated price.

More Opportunities to Lose Money

Body Builders & Reducers

Young people are particularly attracted to gimmicks that suggest immediate

(or 30-day) physical improvement by reducing weight, enlarging bosoms or toning muscles.

Many body building and reducing salons are just interested in your money. They will sign you up for a long-term contract, expecting your early enthusiasm will wane.

Stuffed Flats

"Stuffed flat" operators place an ad in newspaper classified columns advertising a distress sale of "executive" home furniture. The owner is supposed to be moving and must sell all furnishings quickly at ridiculously low prices. You may not catch on, even if you see packing cases in the hall or driveway. In this scheme, sellers pass off highly overpriced furniture and keep replenishing their stock.

Termites

An unethical pest exterminator will enter an uninfested home and find "evidence" of termite damage. After selling a termite control contract to the owner, he will return a number of times in succeeding months to discover new "infestations" resulting in additional expense for the homeowner.

Pseudo Cheques and Certificates

Although they resemble the real thing, these "cheques" cannot be cashed and pretend to be discount offers if used to purchase certain products. You will get the "discount" offered, but the selling price of the article will have been increased to more than cover the discount. Many people mistakenly believe these pseudo cheques are prizes won as a result of entering an exhibition contest, but they are not.

Model Home

You may be offered free installation of aluminum siding on the condition that your house will be used as a "before

and after" model in your neighborhood. Don't believe it. The price for installation will be included in the inflated price.

Furnace Inspections

A man, seemingly from an official agency, enters your home to inspect your furnace. After dismantling it, he finds "serious and dangerous" defects and refuses to reassemble it. He then launches into a sales pitch for an overpriced replacement. Caution — insist on seeing his official identification.

Appliances

Don't be fooled by "free gift" offers when buying appliances. One retailer offered a "free" AM/FM radio with the purchase of a \$399 dishwasher. A quick check revealed that the same dishwasher was available down the street for \$359. That "free" radio was costing buyers \$40.

Food Plans

Food plans can be both good and bad. Make sure you understand exactly what you're buying before signing any contract. Know the cuts and grades of meat you are to get and the quantity of groceries. Have all costs itemized. Be wary of additional (service and handling) charges which can cost you several hundred dollars over a six-month period.

Home food plans sometimes operate on the premise of selling you a freezer. This gives the seller the opportunity of additional profit because the cost of the freezer may be inflated.

Quick Consumer Checklist

- always ask for identification when dealing with a door-to-door salesman. He should have a company card. If in doubt, ask him to return, then check with the Consumer

Protection Bureau to see if his firm is registered. An honest salesman won't mind this procedure.

- always deal with known, respected and established companies.
- never sign a blank contract or sheet of paper. Always read and understand the contract.
- never sign a document just to get rid of a salesman.
- know the implications. A contract is a binding document.
- be strong enough to say NO if you're not interested.
- make sure you understand and know exactly the total cost of your purchase. Add up those monthly charges. Remember, the law is designed to protect you but it doesn't guarantee the quality of merchandise, its price or the integrity of the salesman.
- before signing any contract, be sure the name and address of the firm are included.
- pay your bill by cheque or money order made out to the firm but never to a salesman.
- compare price quotations with those of other firms.
- be familiar with brand name goods and costs so you can compare merchandise.
- always demand a written receipt for goods purchased and save the receipt.
- be wary of "life-time" guarantees. Always understand exactly what the guarantee means.

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